49th Cong 2d Sess HR 3968

49TH CONGRESS, 2d Session. } HOUSE OF REPRESENTATIVES. { REPORT No. 3968.

MINOR COIN.

FEBRUARY 8, 1887.—Referred to the House Calendar and ordered to be printed.

Mr. JAMES, from the Committee on Coinage, Weights, and Measures, submitted the following

REPORT:

[To accompany bill H. R. 11107.]

The Committee on Coinage, Weights, and Measures, having had under consideration a communication of the Director of the Mint of December 14, 1886, *transmitted to the Speaker of the House of Representatives by the Secretary of the Treasury on December* 22, *and referred to this committee, respectfully reports as follows:*

Under the existing laws the Treasury Department experiences considerable difficulty in managing the issue and redemption of minor coin (one-cent, three-cent, and five-cent pieces).

The correspondence of the Treasury Department, and the argument of the Director of the Mint for the proposed amendments to Revised Statutes 3528 and 3529, are clearly stated, and are appended hereto and made a part of this report.

Your committee after careful consideration directs that a bill embodying the said amendments be reported to the House, with the recommendation that it do pass.

Letter from the Secretary of the Treasury, transmitting a letter from the Director of the Mint, suggesting amendments to the Revised Statutes relative to the issue and redemption of minor coin.

TREASURY DEPARTMENT, *December* 22, 1886.

SIR: I have the honor to submit herewith, for the consideration of House of Representatives, copy of letter, dated 14th instant, from the Director of the Mint, concurred in by the Treasurer of the United States, suggesting certain amendments to the Revised Statutes of the United States which will tend to obviate the difficulties arising from the execution of the present laws governing the issue and redemption of minor coin as pointed out in the Director's communication.

Respectfully, yours,

D. MANNING,
Secretary.

THE SPEAKER OF THE HOUSE OF REPRESENTATIVES,
Washington, D. C.

TREASURY DEPARTMENT, BUREAU OF THE MINT,
Washington, D. C., December 14, 1886.

SIR: The following sections of the Revised Statutes bearing upon the issue and redemption of minor coin are the authority for the present practice of the Treasury Department in its relations to the circulation of these coins:

"SEC. 3528. For the purchase of metal for the minor coinage authorized by this title, a sum not exceeding $50,000 in lawful money of the United States shall be transferred by the Secretary of the Treasury to the credit of the superintendent of the mint at Philadelphia, at which establishment only, until otherwise provided by law, such coinage shall be carried on. The superintendent, with the approval of the Director of the Mint as to price, terms, and quantity, shall purchase the metal required for such coinage by public advertisement, and the lowest and best bid shall be accepted, the fineness of the metals to be determined on the mint assay. The gain arising from the coinage of such metals into coin of a nominal value exceeding the cost thereof shall be credited to the special fund denominated the minor-coinage profit fund; and this fund shall be charged with the wastage incurred in such coinage, and with the cost of distributing said coins as hereinafter provided. The balance remaining to the credit of this fund, and any balance of profits accrued from minor coinage under former acts, shall be, from time to time, and at least twice a year, covered into the Treasury.

"SEC. 3529. The minor coins authorized by this title may, at the discretion of the Director of the mint, be delivered in any of the principal cities and towns of the United States, at the cost of the mint for transportation, and shall be exchangeable at par at the mint in Philadelphia, at the discretion of the superintendent, for any other coins of copper, bronze, or copper-nickel heretofore authorized by law. It shall be lawful for the Treasurer and the several assistant treasurers and depositaries of the United States to redeem, in lawful money, under such rules as may be prescribed by the Secretary of the Treasury, all copper, bronze, and copper nickel coins authorized by law when presented in sums of not less than $20. Whenever, under this authority, these coins are presented for redemption in such quantities as to show the amount outstanding to be redundant, the Secretary of the Treasury is authorized and required to direct that such coinage shall cease until otherwise ordered by him."

The experience of the last year has shown conclusively that minor coins may accumulate in the Treasury and subtreasuries of the United States, at present the only agencies for the redemption of minor coin, while at the same time there may exist a pressing demand for the same class of coin from parts of the United States remote from the Treasury and its branches.

Again, there may be accumulations at the Treasury or at certain subtreasuries of the United States, while at the same time there may exist a demand at commercial centers, even where other subtreasuries are located. Yet no specific appropriation for this particular purpose is available for the transfer from one subtreasury to another of minor coin found to be in excess of the demand at the locality where any such excess may happen.

A portion of the minor coin making up an accumulation in the Treasury or subtreasuries, and likely to be taken as tending to show redundancy, is unavailable for reissue without cleansing or recoinage. Yet uncurrent coin of this description has until recently been reported in the Treasury statements without discrimination as such. All transfers of coin for cleansing and reissue or for recoinage can be made only by special appropriations. Such appropriations are estimated for by the Secretary of the Treasury to cover the cost of transportation to the mint at Philadelphia, and also to cover the loss between the nominal value of old coin and its final yield upon recoinage. It seems that a redundancy has been assumed to exist whenever notable accumulations have been reported at the Treasury or subtreasuries of the United States.

Under section 3528, the coinage of minor coin can be carried on only at the mint at Philadelphia. All operations in the way of the renewal of coin unsuitable for reissue are likewise confined to this mint. A special fund, denominated the "minor coinage profit fund," is an account with the mint at Philadelphia alone, from which fund the cost of distributing said coins is paid, as provided by section 3528.

At the discretion of the superintendent, and at the cost of the mint at Philadelphia, namely, the minor coinage profit fund, under section 3529, minor coins are redeemable, in kind, by the issue of new coin to applicants anywhere within the United States. This transportation is by contract, at present with the Adams Express Company.

The provisions of law above briefly cited tend to the ultimate redemption of minor coin by the mint at Philadelphia. This is effected, however, only through the Treasury and subtreasuries of the United States from time to time, but not without delay for want of available appropriation for its movement. All other movement of minor coin from the Treasury and subtreasuries is, except in extraordinary cases, at the hands of applicants in person; hence redundancy at subtreasuries independent of

the demand of the general public beyond convenient reach of such depositories, while it happens that the coin redeemed by the subtreasuries readily passes again into circulation, other than local, only through the mint at Philadelphia. This is due to several reasons, of which the following may be mentioned: First, the circumstance that the cost of distribution from this mint alone is defrayed by the Government; second, the popular preference of applicants for fresh coin as compared with coin which has been in use.

It may be proper to remark that there is reason to believe that a part of the demand for minor coin, which has arisen to an unprecedented extent during the latter part of the last twelve months, during the first part of which period the coinage of minor coin had not been resumed since February 16, 1885, is at least unreasonable, it having appeared that, in the exercise of a preference for fresh coin, applications to the mint at Philadelphia for large sums of minor coin have been made from the very cities where an accumulation was reported in the subtreasuries.

The Treasury and the nine subtreasuries act as redemption agencies for minor coin. As above intimated, there is reason to believe that it has become a trade custom in the case of many persons, who in the course of their business receive the largest quantities of minor coin, and in whose hands it thus accumulates, to send their surplus to the subtreasuries for redemption, while the same persons are among the most frequent applicants at the mint at Philadelphia for fresh supplies of coin, mainly, it is presumed, for the sake of obtaining bright new coin for daily use.

Such a practice must, in the measure of its adoption, tend to the ultimate redundancy of this class of coin through its coinage beyond the reasonable demands of the public.

This redundancy might be checked and the circulation of minor coin properly controlled if, instead of so many redemption agencies, the Mint at Philadelphia were constituted the sole redemption agency for minor coin. But such a measure is regarded as undesirable, as it would result in throwing upon this single institution the whole burden of accounting for surplusage whenever it occurs, instead of this onerous work being divided, as at present, between the Treasury and its several branches.

The ends which might be accomplished directly by a measure to which the objections have already been stated may, it is believed, be indirectly accomplished by other expedients, which I will proceed to formulate by way of an amendment of the Revised Statutes for consideration of Congress, after reciting its objects, as follows:

(1) To facilitate the proper discernment between redundancy of minor coin on the one hand and the public demand for the same class of coin on the other.

(2) To make available accumulations of minor coin in the hands of the Government for the purpose of supplying the demand wherever it may occur.

(3) To prevent redundancy through recoinage, for want of uniform action between the Treasury and the Bureau of the Mint.

(4) To discriminate against unreasonable demands for new coin where current old coin is available.

(5) To prevent undue redemption of minor coin and its withdrawal from circulation.

(6) To promote the equality of its circulation in different parts of the country.

It is believed that the above ends can be attained by amendments of the Revised Statutes as follows, namely, of section 3529, so as to read, after the last word in said section:

"And in order to supply any demand upon the Mint at Philadelphia for minor coins during the suspension of such coinage from the redundancy in the Treasury of the United States, the Secretary of the Treasury is authorized and required to cause to be transferred from the Treasury of the United States to the Mint at Philadelphia for recoinage or for cleaning and reissue, minor coins of such denominations as may be necessary to enable the Superintendent of the Mint to supply demands upon him for the same."

And of section 3528 of the Revised Statutes so that the last clause shall read, instead of—

"The balance remaining to the credit of this fund, and any balance of profits accrued from minor coinage under former acts, shall be, from time to time, and at least twice a year, covered into the Treasury"

as follows:

"The balance remaining to the credit of this fund shall be at least once a year covered into the Treasury, except such sums, to be estimated by the Superintendent of the Mint at Philadelphia and approved by the Director of the Mint, as may be deemed necessary to pay the expense of, and incidental to, the distribution of minor coin during such periods as the coinage of minor coin shall be suspended by order of the Secretary of the Treasury: *Provided*, That the sum so retained by the Superintendent of the Mint at Philadelphia from the balance before mentioned shall not exceed twenty-five thousand dollars."

The above amendments contemplate the payment of the cost of transfer of minor coin from the Treasury and sub-treasuries to the Mint at Philadelphia for recoinage and cleaning for reissue, as heretofore, by special appropriations estimated for from year to year by the Secretary of the Treasury. It is not deemed desirable to pay the cost of such transfer from the minor-coinage profit fund, for the reason that this fund is expended by the Mint at Philadelphia subject to the approval of the Director of the Mint, while the transfer of minor coin to the Mint at Philadelphia is regulated by the Treasury of the United States. It is regarded impracticable for the same fund to be used and accounted for by two distinct branches of the Treasury Department.

The balance of profits accrued from minor coinage under former acts, provided for in section 3528, was long since covered into the Treasury.

The above facts are brought to your notice for consideration and the above measure proposed, trusting that, should the latter meet with your concurrence, you may be pleased to lay the whole before Congress.

Very respectfully,

JAS. P. KIMBALL,
Director of the Mint.

The SECRETARY OF THE TREASURY.

I fully concur in the within statement. The remedy proposed would, in my opinion, carry out the purpose for which it is devised.

C. N. JORDAN,
Treasurer United States.